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0-6839 BRENCO INC

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission file number 0-6839

BRENCO, INCORPORATED
(Exact name of registrant as specified in its charter)

Virginia (State of incorporation)	#54-0493835 (IRS Employer Identification No.)
P. O. Box 389, Petersburg, VA (Address of principal executive offices)	23804 (Zip Code)

(804) 732-0202
(Telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required
13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (o
period that the registrant was required to file such reports), and (2) has been subj
requirements for the past 90 days.

YESX. NO .

Common stock, par value $1.00 per share: 9,834,744 shares
outstanding as of March 31, 1992

D STATES
MMISSION

, D.C. 20549

M 10-Q

N 13 OR 15(d)
EXCHANGE ACT OF 1934

iod Ended March 31, 1992

OR

ON 13 OR 15(d)
EXCHANGE ACT OF 1934

iod From to

le number 0-6839

NCORPORATED
as specified in its charter)

#54-0493835
Employer Identification No.)

23804
(Zip Code)

732-0202
ne number)

has filed all reports required to be filed by Section
uring the preceding 12 months (or for such shorter
reports), and (2) has been subject to such filing

. NO .

0 per share: 9,834,744 shares
of March 31, 1992

BRENCO, INCORPORATED AND SUBSIDIARIES

FORM 10-Q March 31, 1992

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March 31, 1992

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BRENCO, INCORPORATED AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME

(Unaudited)

Ended Ma

	1992	
	(Amounts in thousands except per sh	
NET SALES	$20,676	$21,227
Cost and expenses:		
Cost of goods sold	17,315	16,385
Administrative and selling expenses	2,623	2,327
	19,938	18,712
Operating income	738	2,515
Other income (expense)	22	59
Income before income taxes	760	2,574
Income taxes	289	978
NET INCOME	$ 471	$ 1,596
Net income per share	$ .05	$ .16
Dividends declared per share	$ .05	$ .05
Average number of shares outstanding	9,823	9,686

See accompanying notes to Consolidated Financial Statements.

TED AND SUBSIDIARIES

NSOLIDATED INCOME

udited)

	Three Months	
	March 31,	
	1992	1991
mounts in thousands except per share figures)		
.. .	$20,676	$21,227
...	17,315	16,385
. .	2,623	2,327
	19,938	18,712
. . .	738	2,515
. . .	22	59
. . .	760	2,574
. ..	289	978
. ..	$ 471	$ 1,596
. ..	$ .05	$ .16
. ..	$ .05	$ .05
. . ..	9,823	9,686

tements.

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BRENCO, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

1992	1991	March
amounts in thousands)		
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,655	$ 1,38
Accounts receivable	11,703	9,28
Inventories:		
Finished goods	4,160	4,97
Work in process	9,915	10,31
Raw material	1,174	1,78
	15,249	17,07
Less: Lifo reserve	1,602	1,24
	13,647	15,82
Prepaid expenses	1,662	1,33
Total Current Assets	29,667	27,82
Property and Equipment:		
Cost	89,378	89,21
Less: Accumulated depreciation	65,132	65,26
Total Property and Equipment	24,246	23,95
Total assets	$ 53,913	$ 51,78
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 3,707	$ 2,41
Dividends payable	491	49
Other accrued liabilities	955	67
Income taxes payable	274	1
Total current liabilities	5,427	3,58
Deferred income taxes	550	55
Reserve for Environmental Expenditures	2,975	2,90
Shareholders' Equity:		
Preferred stock, par value $1 per share, Authorized 1,000,000 shares; none issued		
Common stock, par value $1 per share, Authorized 15,000,000 shares; issued 9,834,744 shares (1991-9,799,752 shares)	9,835	9,80
Additional Paid In Capital	301	10
Retained earnings	34,825	34,84
Total Shareholders' Equity	44,961	44,74
Total Liabilities and Equity	$ 53,913	$ 51,78

See accompanying notes to Consolidated Financial Statements.

ORATED AND SUBSIDIARIES

TED BALANCE SHEET

	March 31	(Unaudited) December 31
		(Dollar
. . .	$ 2,655	$ 1,387
. ..	11,703	9,282
. . .	4,160	4,979
. . .	9,915	10,317
. . .	1,174	1,780
	15,249	17,076
. . .	1,602	1,248
	13,647	15,828
. . .	1,662	1,332
. . . .	29,667	27,829
. . .	89,378	89,215
. . .	65,132	65,261
. . .	24,246	23,954
. . .$	53,913	$ 51,783
. . . $	3,707	$ 2,412
. . .	491	490
. . .	955	671
. . .	274	15
. . . .	5,427	3,588
. . .	550	550
. . .	2,975	2,900
. . . .	9,835	9,800
. . .	301	100
. . .	34,825	34,845
. . . .	44,961	44,745
. . . $	53,913	$ 51,783

tements.

BRENCO, INCORPORATED AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOWS

	T	19 (Unaudit (Dollar
Cash Flows from Operations:		
Net Income	$ 471	$ 1,596
Adjustments to Reconcile Net Income to Net Cash from Operations:		
Depreciation	718	888
Deferred income taxes		
Environmental expenditures	75	75
Pension expense		59
Other	27	(7)
Changes in the following:		
Current assets	(599)	(3,609)
Current liabilities	1,837	1,517
Net cash provided by operations	2,529	519
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(1,045)	(823)
Proceeds from sale of property and equipment	38	9
Net cash (used in) investing activities	(1,007)	(814)
Cash Flows from Financing Activities:		
Cash dividends paid	(490)	(484)
Employee stock purchases	236	127
Net cash (used in) financing activities	(254)	(357)
Net increase (decrease) in cash and cash equivalents	1,268	(652)
Cash and cash equivalents at beginning of year	1,387	2,172
Cash and cash equivalents at end of quarter	$ 2,655	$ 1,520

See accompanying notes to Consolidated Financial Statements.

ORATED AND SUBSIDIARIES

ONSOLIDATED CASH FLOWS

	Three Months Ended March 31	
	1992	1991
	(Unaudited)	
	(Dollar amounts in thousands)	
. . .$	471	$ 1,596
. . . .	718	888
. . . .		
. . .	75	75
. . .		59
. . .	27	(7)
. . . .(	599)	(3,609)
. . . .	1,837	1,517
. . .	2,529	519
. . . (	1,045)	(823)
. . . . .	38	9
. . . (	1,007)	(814)
. . . (	490)	(484)
. . .	236	127
. . . (	254)	(357)
. . .	1,268	(652)
. . .	1,387	2,172
. ..	$ 2,655	$ 1,520

tements.

BRENCO, INCORPORATED AND SUBSIDIARIES

FORM 10-Q March 31, 1992

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of March 31, 1992, the statement of consolidated i
of consolidated cash flows for the quarter ending March 31, 1992 and March 31, 1991
the Company, without audit. In the opinion of management, all adjustments (which in
recurring adjustments) necessary to present fairly the financial position, results o
cash flows at March 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statemen
with generally accepted accounting principles have been condensed or omitted. It is
consolidated financial statements be read in conjunction with the financial statemen
included in the Company's December 31, 1991 annual report to shareholders. The resu
the period ended March 31, 1992 are not necessarily indicative of the operating resu

ORATED AND SUBSIDIARIES

Q March 31, 1992

ATED FINANCIAL STATEMENTS

the statement of consolidated income, and the statement
rch 31, 1992 and March 31, 1991 have been prepared by
ement, all adjustments (which include only normal
he financial position, results of operations and changes in
sented have been made.

y included in financial statements prepared in accordance
een condensed or omitted. It is suggested that these
tion with the financial statements and notes thereto
eport to shareholders. The results of operations for
indicative of the operating results for the full year.

BRENCO, INCORPORATED AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of O

REVIEW OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS:

Net sales were $20,676,000 for the first three months of 1992, compared to $21, period last year. Sales of industrial forgings were up 51%, while sales of railroad down 25%. Quality Bearing Service, our reconditioning subsidiary, had an increase ir of gaining additional market share. Export sales were down 31% in the first quarter record first quarter of 1991 of $5,256,000.

Net income was $471,000 or $.05 per share for the quarter, compared to $1,596,0 the comparable period in 1991. The decline in net income was attributable to a signi mix and to a substantial reduction in inventories. The lower sales of railroad beari 1992 were offset to a large extent by increased sales in both industrial forgings and services, which produce substantially lower margins. The reduction in inventories, w manufacturing operations, was deemed prudent in view of the continuing low level of r the U.S.

LIQUIDITY AND CAPITAL COMMITMENTS:

The 1992 Capital Program is budgeted to be $8,500,000. However, it is unlikely included in the program will be completed in 1992.

Cash and cash equivalents were up $1,268,000 since year-end, while working cap $24,240,000.

Management believes that its current earnings, along with cash and cash equiva to cover both capital and dividend requirements and scheduled environmental cleanup of Directors has given the management its approval to borrow up to $10,000,000 in se These monies will be used to fund the environmental remediation plan, a waste water Petersburg facility, as well as equipment to support a major increase in our industr

ORATED AND SUBSIDIARIES

ancial Condition and Results of Operatio-s.

NS AND FINANCIAL CONDITION

months of 1992, compared to $21,227,000 for the same
up 51%, while sales of railroad products and services were
ng subsidiary, had an increase in sales of 58%, the result
re down 31% in the first quarter of 1992, compared to the

the quarter, compared to $1,596,000 or $.16 per share for
ncome was attributable to a significant change in product
The lower sales of railroad bearings in the first quarter of
s in both industrial forgings and bearing reconditioning
The reduction in inventories, which further depressed
of the continuing low level of railcar construction in

500,000. However, it is unlikely that all the projects

ince year-end, while working capital was unchanged at

along with cash and cash equivalents will not be sufficient
scheduled environmental cleanup expenditures. The Board
o borrow up to $10,000,000 in senior unsecured notes.
remediation plan, a waste water treatment facility for our
a major increase in our industrial forging business.

Part II Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - none
(b) Reports on Form 8-K - none

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the
caused this report to be signed on its behalf by the undersigned thereunt

BRENCO, INCORPORATED
(Registrant)

DATED: May 14, 1992 BY: J. CRAIG RICE
J. Craig

DATED: May 14, 1992 BY: JACOB M. FEICHTNER
Jacob M.
Executive Vice P
Secretary and Tr

S

nge Act of 1934, the registrant has duly
undersigned thereunto duly authorized.

INCORPORATED
Registrant)

J. CRAIG RICE
J. Craig Rice President

JACOB M. FEICHTNER
Jacob M. Feichtner
Executive Vice President
Secretary and Treasurer